

MEETING SUMMARY REPORT

Ramkota River Center

Gallery B

920 W. Sioux Avenue

Pierre, SD 57501

April 13, 2006

Regulatory Enforcement Fairness Hearing

Total attendance:	26	
Congressional attendance	04	
RegFair Board in attendance	02	
SBA personnel	04	
Agencies attending	09	(EPA; USDA/FSIS; USDA/RD; IRS; DHS/U.S. Customs and Border Protection; DOL/OSBP; DOL/Wage & Hour OSHA; SBA)
No. of comments	04	

Small Business Organizations	Point of Contact	Membership
SD Retailers Association	Shawn Lyons	3,800
NFIB	Bob Riter	600,000
Small Business Development Center	John Hemmingstad	2,300
South Eastern Council of Governments	Lynne Keller	213,215
Total Represented		819,315

Summary:

Testifiers:

1. Elsie Bak-Bob Bak Construction

MSHA: The agency has subjected the company to intrusive and inconsistent inspections of its small gravel mining business. A piece of equipment which was unaltered was found to be in compliance on one inspection only to be found to be out of compliance by another inspector at another time. The demeanor of some

inspectors was intemperate. They have been subjected to numerous inspections with no material violations and no history of injuries. They are currently in litigation with MSHA over alleged violations. They perceive a pattern of harassment.

2. Lynne Keller-Executive Director - South Eastern Regional Development Corporation

SBA: South East Council of Governments is an economic development organization. They determined that they wished to become certified as a Certified Development Company under 13 C.F.R. 120.810. In their first application they used a model of a CDC that had previously been approved by SBA headquarters. After an extensive period of waiting, this application was rejected since there wasn't a separate legal entity. To avoid further problems and delay, SECGOG sought to establish a separate entity SERDC in a structure acceptable to decision makers in headquarters. SERDC requested a sample/example of a structure acceptable to SBA. The name of an approved entity was obtained and SERDC obtained organizational materials directly from the entity. SERDC was then structured in a like manner. The application was submitted and after another delay again denied. Substantial additional modifications to membership, board structure, and corporate governance were required. The application was again subjected to delay before ultimately being approved. The delays and inconsistent advice has delayed SERDC's ability to provide businesses financing under the 504 program.

3. Randy Barondeau -CEO-Frederick Area School District #6-2

IRS: This school district was likewise "randomly" selected for audit. Other than the limited resources of this district, the only common factor it had with Northwestern was the health plan administered by Paradigm. The district was also commanded to produce a huge amount of its accounting records by the IRS auditor. Despite the substantial expenditure of resources required of the district to assemble the demanded records, the IRS auditor gave only a cursory review to the records. The only exception was the records relating to the health plan administered by Paradigm.

4. Diana Larson - Business Manager-Northwestern Area School District

IRS: The testifier is the head of a small school district with a small administrative staff. The district is constrained by budget and personnel numbers. As a benefit to staff members, the district made a tax savings health plan available through Paradigm Solutions Group. Apparently Paradigm was the subject of an audit which to the knowledge of Northwestern did not result in any consequence to Paradigm. The IRS advised the District that it had been randomly selected for "compliance review" or "audit". The IRS auditor demanded a huge amount of district records concerning all aspects of the district financial history. It became immediately apparent that the target was the health plan administered by Paradigm. The district ultimately had to terminate the plan due to their fear of repeated audits, the expenses in time and money of complying with the audit demands, and their fear of retaliation against the district and its employees by the IRS.